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The Honorable Russell B. Long
Chairman, Committee on Finance
United States Senate

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Dear Mr. Chairman:

In response to your letter of March 20, 1973, we gathered data on 189 Federal programs benefiting the poor. As agreed with your office, this data included outlays, beneficiaries served, and agency evaluations of the programs. The information was derived from public documents, discussions with agency officials, and data furnished by them. Also, as agreed with your office, we accumulated a list of GAO reports issued between July 1968 and June 1974 on the effectiveness of these programs together with copies of the digests of these reports and available agency responses. Twelve copies of the above were provided the Committee staff. In addition, six copies of the reports are being provided to the Committee staff as requested.

The purpose of this letter is to provide certain explanatory and/or qualifying information about the data provided.

OUTLAYS AND BENEFICIARIES OF PROGRAMS BENEFITING THE POOR

The list we provided on Federal programs benefiting the poor is based on a compilation of such Federal programs prepared jointly by the Office of Economic Opportunity and the Office of Management and Budget. The list of programs referred to in your request is an earlier version of this compilation.

The list includes 189 Federal programs benefiting the poor. The programs are classified into six functional areas: cash payments, in-kind benefits, such as food stamps and public housing, education, health, manpower, and other.

The estimated total outlays for these programs in fiscal year 1974 was about \$112 billion, of which about \$30 billion, or 27 percent, represented funds benefiting the poor. This percentage is influenced substantially by including social security and veterans programs which, although not designed specifically to benefit the poor, do provide significant

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dollar contributions. Excluding such programs, about 45 percent of the remaining outlays are classified as benefiting the poor.

Determinations regarding portion
of programs which benefit the poor

Although all of the listed programs provide benefits to the poor, several programs are not designed specifically to aid the poor. In this regard, the Office of Economic Opportunity classified the programs based on eligibility criteria into two groups: poverty entitlement and normal entitlement. Poverty entitlement programs are those for which persons qualify because they are poor or have low income. Normal entitlement programs are those for which persons qualify for some reason other than poverty; for example, prior work experience (social security, unemployment benefits), age (Medicare), or handicap (vocational rehabilitation). The Office estimated that, of the \$30 billion in projected outlays for the poor in fiscal year 1974, about \$19 billion related to poverty entitlement programs.

We did not evaluate the Office's basis for selecting the 189 programs. Information furnished to us by an agency official showed that establishing an operational definition of programs benefiting the poor was not an easy task, and opinions differed about including or excluding a specific program. The basic principle followed was to include a program only if benefits could realistically be traced to individuals. However, certain programs were included because of their traditional association with poverty or economic development.

For the program compilation, the Office considered the poor to be those persons and families below the Bureau of the Census' defined poverty levels. Poverty levels were established based on the minimum total income levels (by family size) needed to maintain a standard of living which will provide a nutritionally adequate diet. In 1973, the poverty level was \$4,500 for a nonfarm family of four. These poverty levels are updated annually to reflect changes in the consumer price index. The Office of Economic Opportunity asked the administering agencies to determine which portion of each program benefited the poor. Because the agencies generally did not maintain such information, it was necessary, in most cases, for them to estimate the proportion of program funds benefiting the poor.

We did not review the bases used by the agencies for developing their estimates. However, we believe the following comments made by the Office of Economic Opportunity with regard to the estimates of outlays benefiting the poor are of particular significance:

- First, the agencies used various methods to estimate each program's proportion of funds benefiting the poor. Where program records or survey data on beneficiary family income or poverty status were available, they were used to develop the estimates. Where such data was not available, other sources were used, such as general knowledge of the program and Census Bureau data on income for comparable population subgroups.
- Second, Government transfer payments, such as public assistance, which are considered by the Census Bureau in determining total money income, can cause the income of a person or a family to be raised above the poverty level. For example, although the income of a family on public assistance would be below the poverty level, the addition of the public assistance payment might raise the family above the poverty level. In these cases, such payments would not be included as outlays for the poor.
- Third, the eligibility standards differ among programs. In several cases, the standards may be higher than the Census Bureau definition of poverty. For these reasons, in some programs designed solely to aid the poor, such as the public assistance programs, the proportion of outlays for the poor, as measured against the Census Bureau definition, is less than 100 percent of the total program.

Estimates of persons served

For the programs in our list we have included so far as possible the estimated total number of beneficiaries served in fiscal year 1974. These estimates were obtained from the President's budget for fiscal year 1976, the latest Catalog of Federal Domestic Assistance published by the Office of Management and Budget, and from agency files. Where the data does not relate to fiscal year 1974, or cannot be expressed in numbers of beneficiaries, appropriate notes have been added. Also, for ready reference, we have furnished (through footnotes) the current and more familiar names of the programs.

Availability of information to
measure program coverage

Your office had requested information as to the extent to which this group of 189 Federal programs is serving the low-income population. We recognize that several limitations in the available data prevent a full answer to this question. The estimate of funds benefiting the poor represents only those funds attributable to persons who remain poor after receiving Federal assistance.

Information on the remaining funds expended for persons not in poverty does not show the extent to which Federal assistance might have enabled persons in poverty to rise above the poverty level. Further, your office advised us that it had not been able to obtain information indicating the extent to which poverty-related programs were serving persons not considered poor. We agree with your office that such information, if available on a routine basis, would greatly assist in making decisions regarding the adequacy and effectiveness of the vast number of programs benefiting the poor.

According to Census Bureau data published in January 1975, about 23 million persons were below the low-income or poverty level in 1973. While we have given your office data on beneficiaries for each of the 189 programs, such data does not indicate the extent to which this group of programs, in total, is reaching the low-income population. Since a person can, and often does, receive assistance from more than one program, the information we have obtained can only show the extent to which any one program serves the poor. Without the availability of data across all programs that would identify individual beneficiaries served, an unduplicated count of the total number of persons served by all programs cannot be made. Therefore, we cannot conclude to what extent these programs (in total) are serving the low-income population.

In connection with a staff study made for the Joint Economic Committee in 1973, we obtained certain information addressing the issue of public welfare benefits received by persons in low-income areas. The results of our work were included in a paper prepared by the Subcommittee on Fiscal Policy as part of its series of studies in public welfare (Paper No. 6, How Public Welfare Benefits are Distributed in Low-Income areas, Mar. 26, 1973). This study was made in six low-income areas throughout the country and included information on 100 Federal assistance programs. Some of

that study's findings are particularly relevant to the concerns of your request.

The study showed that, in each area surveyed, from 50 to 75 percent of the sampled households received benefits from public welfare programs, with from 10 to 25 percent of the beneficiary households receiving benefits from five or more programs. While this information provides some insight into the extent to which low-income persons are served by Federal programs, the Subcommittee paper discussed certain data limitations which deserve mention.

The agencies administering these programs often had different recordkeeping and filing systems for program participants. Many programs maintained no centralized filing system. To obtain data on benefits for these programs required that we visit at least 20 agencies in each area surveyed; many agencies had more than one physical location.

Identification of benefits was often limited to the extent that we could identify social security numbers. However, the use of such identifying numbers does not necessarily improve access to information. In some cases people might have either no number or several numbers. Also, these numbers might be entered inaccurately in agency records. Because of these and other problems and qualifications encountered in conducting that study, we could not be assured that all benefits for the sampled households had been identified.

AGENCY EVALUATION STUDIES OF PROGRAMS BENEFITING THE POOR

The agencies gave us information on 150 studies made during fiscal years 1969-73 by internal audit staffs, various agency evaluation groups, and contractors.

In our opinion, many of these studies do not represent program evaluations. Rather, they are reviews of management, financial, and other administrative weaknesses. We believe that about half of the 150 studies could be classified as program evaluation or effectiveness studies. Such studies were generally made by contractors, while in-house studies were usually administrative or other deficiency-related reviews.

We did not review the adequacy of the evaluation activities of the agencies. However, over the last several

years, the number of evaluation reports issued for these programs, either by the agency or under contract, has continually increased. We believe this indicates that agencies are recognizing the importance of program evaluation.

This increase may also result from some recent legislation which has included specific provisions for program evaluation and, in some cases, appropriations for carrying out evaluations. For example, beginning with fiscal year 1971, the Public Health Services Act provided that up to 1 percent of all appropriations for health programs could be used for evaluation purposes. Before the enactment of this law, the evaluation efforts relating to health programs can best be described as sporadic and fragmented, generally in response to legislative actions, or at the discretion of individual program managers.

PRIOR GENERAL ACCOUNTING OFFICE
REPORTS ON EFFECTIVENESS
OF PROGRAMS BENEFITING THE POOR

We identified 71 reports, issued by our Office from July 1968 through June 1974, dealing with reviews of the effectiveness of Federal programs benefiting the poor.

Several of our reports in recent years have pointed out the need for more coordination among Federal programs. Where several agencies are providing assistance to individuals or communities, often no single agency is assigned responsibility for coordinating all programs having similar objectives.

Our analysis of those reports dealing with the evaluation of programs having similar objectives suggests that in several areas persons can be served by more than one program, not necessarily duplicative but certainly similar in nature. In some cases, this results from programs being designed primarily to serve a particular need of an individual while other programs are designed to serve certain categories of persons. Thus, a person might be eligible for similar benefits from at least two programs, one based on the type of assistance offered and one based on the category of persons served.

Several examples of these situations are discussed below. We have not concluded whether the programs are, in fact, duplicative. However, we believe these examples point out the need for more extensive coordination among

programs having similar objectives or serving similar categories of persons.

--In a March 1972 report on the Economic Development Administration's public works program, we pointed out that this agency was providing financial assistance to many projects without first determining whether they could have been funded under other programs. Also, some of the agency's grants replaced grants and loans previously awarded or tentatively committed for the same projects under other Federal programs (B-153449, Mar. 21, 1972).

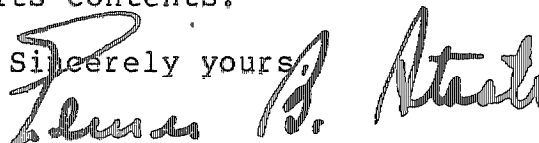
--In reviewing the assistance provided to Johnson County, Kentucky, under various programs aimed at alleviating poverty, unemployment, and underemployment, we found that improved planning and coordination of Federal programs was needed to assign priorities and design plans aimed at achieving economic independence. No Federal organization had overall responsibility to coordinate the wide range of Federal programs in a specific locality (B-130515, Feb. 7, 1972).

--In our report assessing the impact of Federal programs on improving living conditions of migrant and other seasonal farmworkers, we indicated the need to develop an overall plan and a common direction of effort among Federal agencies operating these programs. Federal assistance was administered by four agencies on a splintered basis through numerous programs, each having separate legislative authority and intent (B-177486, Feb. 6, 1973).

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We do not plan to distribute this report further unless you agree or publicly release its contents.

Sincerely yours,



Comptroller General
of the United States